



# Supplementary Explanation Materials for Q1 FY12/2025 Financial Results

Securities code: 3968

May 13, 2025

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Please be aware that actual performance and results may differ significantly due to changes in various factors.

## Highlights: Performance Overview

Sales are expected to be mostly same as last year, but due to delays in some projects, sales slightly decreased.  
Operating income and ordinary profit fell significantly due to a decrease in gross profit and an increase in selling, general and administrative expenses.

Orders remain strong, with both orders received and backlog reached record highs!  
[Orders received +2,020 million yen year-on-year, orders backlog +3,010 million yen]

Sales

**4,788 million  
yen**

-3.3%

Gross Profit

**1,134 million  
yen**

-6.5%

Operating Income

**226 million  
yen**

-47.5%

Ordinary Profit

**243 million  
yen**

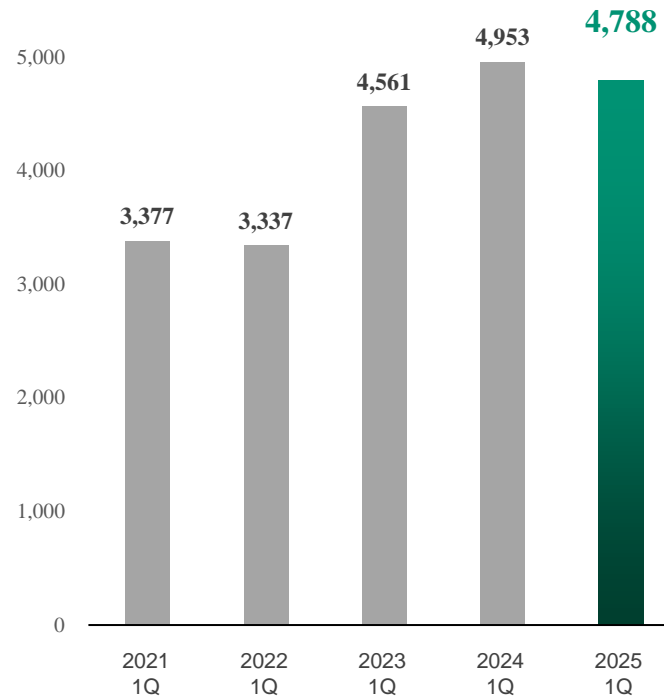
-70.0%

### Performance Summary

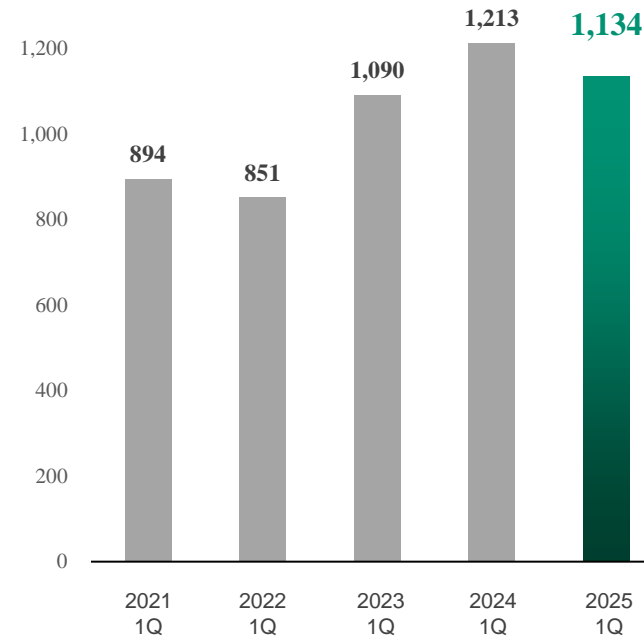
- Sales: Compared to last year, which recorded a record high, there was a slight decrease due to factors such as delays in some projects.
- Gross Profit: Decreased due to decrease in sales.
- Operating Income: Decreased due to an increase in SG&A expenses accompanying addition of group companies, including goodwill amortization expenses.
- Ordinary Profit: Decreased significantly due to a one-time factor of last year, which is approximately 400 million yen profits in derivative cancellation recorded as non-operating income.

# Q1 Performance Trends

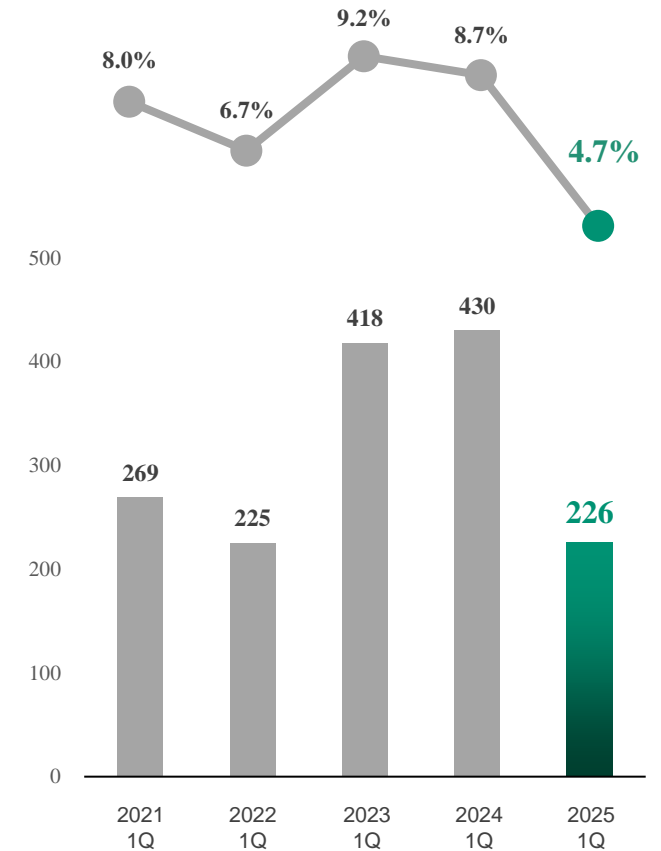
### Sales (Millions of yen)



### Gross Profit (Millions of yen)



### Operating Income (Millions of yen) Operating income to net sales ratio (%)



# Order Status

Orders for large projects in the private service industry and projects for government-related agencies are strong.

Orders received reached 6,000 million yen, up 2,020 million yen from the same period last year, a 51% increase and a new record high!

Orders backlog reached 9,650 million yen, up 3,010 million yen (+45.4%) from the same period last year due to timing differences.

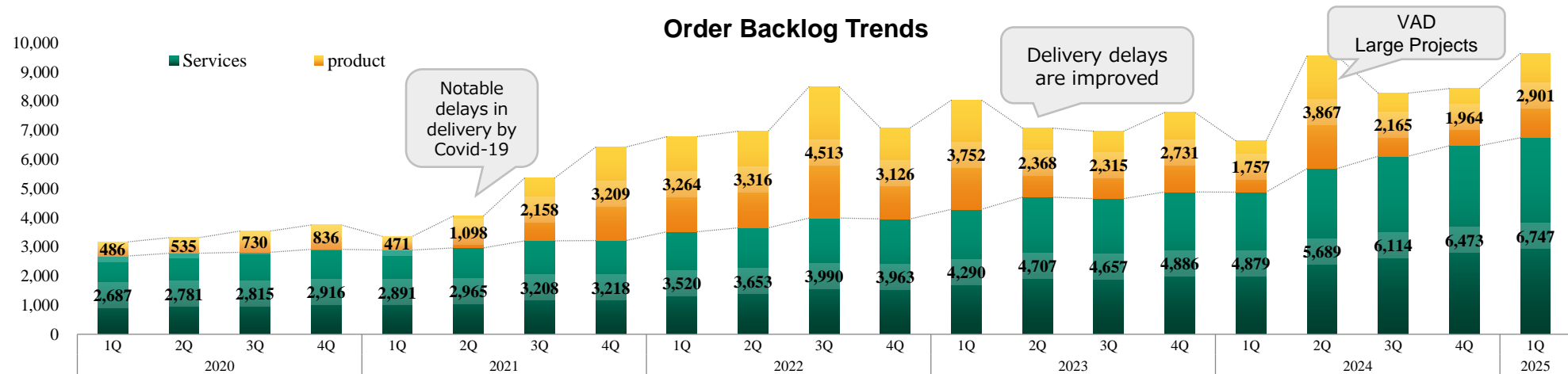
Expecting continued increase in orders such as large projects for government-related agencies in the next quarters onwards.

Order Intake Trends

|          | 2021.1Q | 2022.1Q | 2023. 1Q | 2024. 1Q | 2025. 1Q | increase in year-over-year spending<br>Rate of change |
|----------|---------|---------|----------|----------|----------|---|
| product  | 1,477   | 2,135   | 3,399    | 2,008    | 3,609    | +79.7%  |
| Services | 1,510   | 1,558   | 2,114    | 1,965    | 2,390    | +21.6%  |
| Total    | 2,988   | 3,694   | 5,513    | 3,973    | 5,999    | +51.0%  |

Millions of Yen

Order Backlog Trends



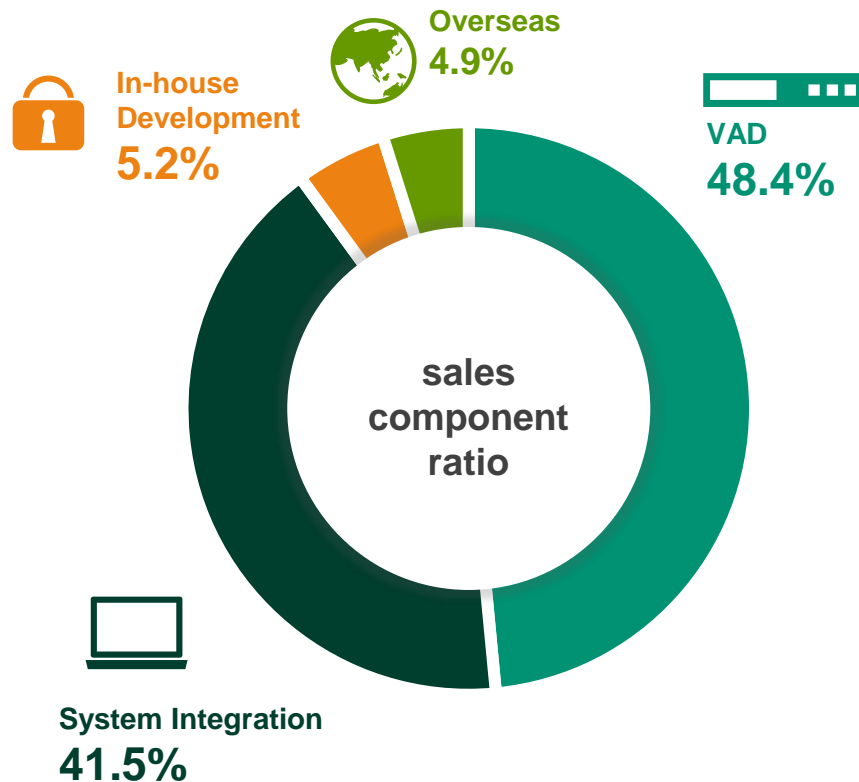
# Business-Specific Figures

**VAD:** Although sales decreased, profits increased due to improved profit margins and steady increase in maintenance.

**System integration:** Sales increased due to smooth progress on large projects for universities, however, profits decreased.

**In-house development:** Sales and profits decreased because of large RevoWorks projects last year. On the other hand, sales of RevoWorks Cloud and security services, which have the nature of stock business, grew steadily.

**Overseas:** Sales and profits both increased with the addition of First One Systems as a new subsidiary.



|                               |                            |        |                                 |        |
|-------------------------------|----------------------------|--------|---------------------------------|--------|
| VAD business                  | sales<br>2,321 million yen | -18.2% | Gross Profit<br>638 million yen | +4.4%  |
| System Integration business   | sales<br>1,986 million yen | +17.0% | Gross Profit<br>304 million yen | -13.1% |
| In-house Development business | sales<br>247 million yen   | -15.4% | Gross Profit<br>120 million yen | -38.5% |
| Overseas business             | sales<br>233 million yen   | +86.4% | Gross Profit<br>71 million yen  | +29.1% |

## ■ VAD Business

- ✓ Profit increased due to sales growth of main products such as Juniper and Ruckus.
- ✓ Digital Government Promotion Department is actively proposing large projects for government agencies and local governments.
- ✓ Maintenance (support services), which is a stock-type revenue, is steadily growing.

## ■ System Integration Business

- ✓ Sales are progressing well for large projects for universities and public facilities, but profits decreased due to some low-margin projects.
- ✓ Received large project orders for private service industries. These are expected to be recorded as sales for the next quarters onwards.

## ■ In-house Development Business

- ✓ Sales and profits because of large RevoWorks projects last year and shifting to deployment of cloud-type services.
- ✓ RevoWorks Cloud has started services for major financial institutions and is steadily growing.
- ✓ Segue Security started offering managed EDR services (in January).

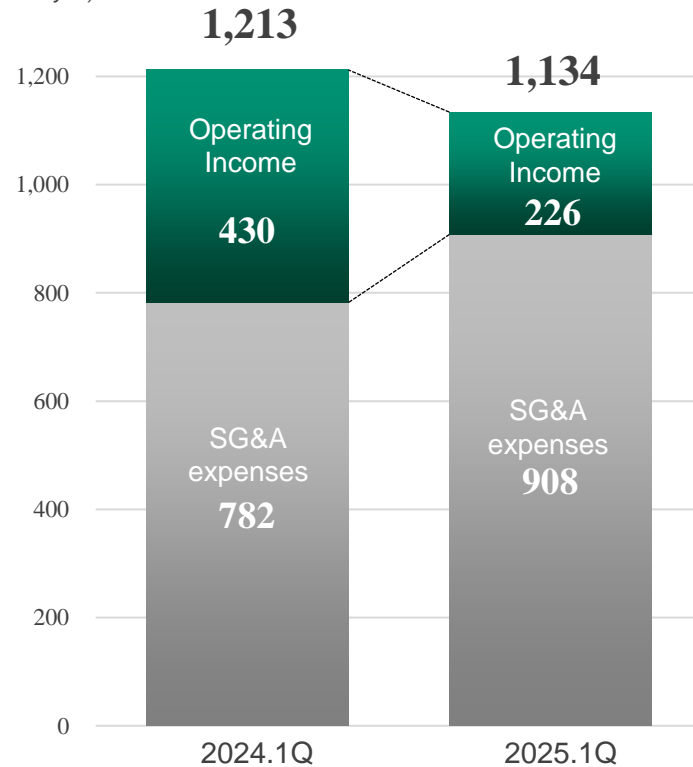
## ■ Overseas Business

- ✓ Sales and profits increased due to First One Systems joining our group.
- ✓ Delays of some projects occurred due to the Myanmar earthquake in March 2025.

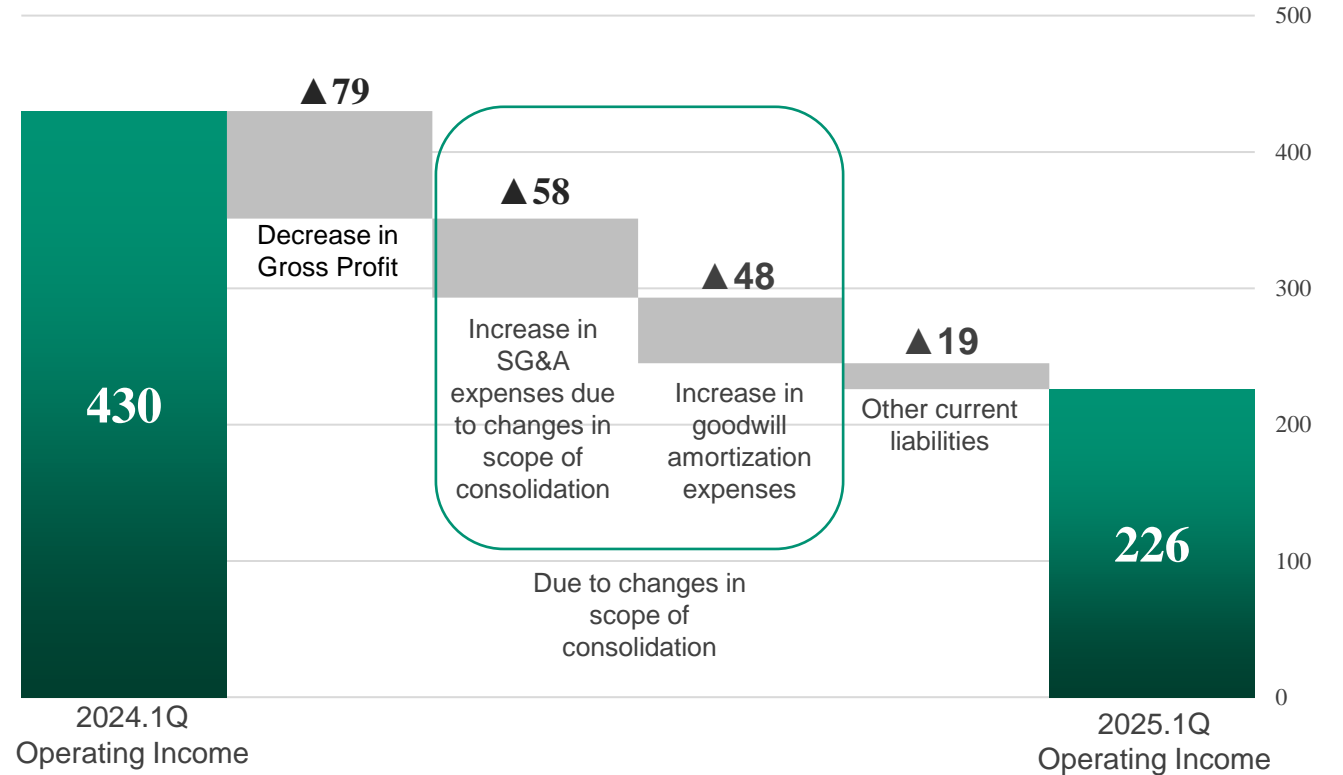
# Breakdown of Changes in Operating Income

## Gross Profit

(Millions of yen)



(Millions of yen)



\*Consolidation: TechnoCreation, First One Systems

Exclusion from consolidation: J's Telecom System

# Consolidated Income Statemen

Q1 saw decreased sales and profits compared to the previous year due to delays of some projects, falling short of planned figures.

Although it was a slow start, large order backlog will positively impact on sales from Q2 onwards. Expecting to further receive of large project orders, aiming to maximize business in the second half of this year to achieve the annual target.

Millions of Yen

|   | December<br>2024<br>1Q | December<br>2025<br>1Q | from the previous year         |                   | Full-Year<br>Forecasts | Rate of<br>progress |
|---|------------------------|------------------------|--------------------------------|-------------------|------------------------|---------------------|
|   |                        |                        | Increased/D<br>eased<br>amount | Rate of<br>change |                        |                     |
| Sales   | 4,953                  | 4,788                  | -165                           | -3.3%             | 22,500                 | 21.3%               |
| Gross Profit                                      | 1,213                  | 1,134                  | -79                            | -6.5%             |                        |                     |
| (Profit Margin)                                   | 24.5%                  | 23.7%                  | -0.8pt                         |                   |                        |                     |
| Selling and General<br>Administrative<br>Expenses | 782                    | 908                    | +125                           | +16.0%            |                        |                     |
| Operating Income                                  | 430                    | 226                    | -204                           | -47.5%            | 1,260                  | 17.9%               |
| (Profit Margin)                                   | 8.7%                   | 4.7%                   | -4.0pt                         |                   | 5.6%                   |                     |
| Ordinary Profit                                   | 813                    | 243                    | -569                           | -70.0%            | 1,260                  | 19.3%               |
| (Profit Margin)                                   | 16.4%                  | 5.1%                   | -11.3pt                        |                   | 5.6%                   |                     |
| Net Profit*                                       | 539                    | 140                    | -398                           | -73.9%            | 701                    | 20.0%               |

\*Net profit attributable to owners of parent

\*Last year, derivative cancellation gains (404 million yen) were recorded as non-operating expenses



# CONSOLIDATED BALANCE SHEETS

Advance received for stock-type services, which will turn to be future sales, continues to increase.  
Goodwill (Intangible assets) and long-term debt (Fixed liabilities) increased compared to last year due to M&A.  
Investment securities increased due to ZenmuTech's listing on the Tokyo Stock Exchange Growth Market (Other investments)

Millions of Yen

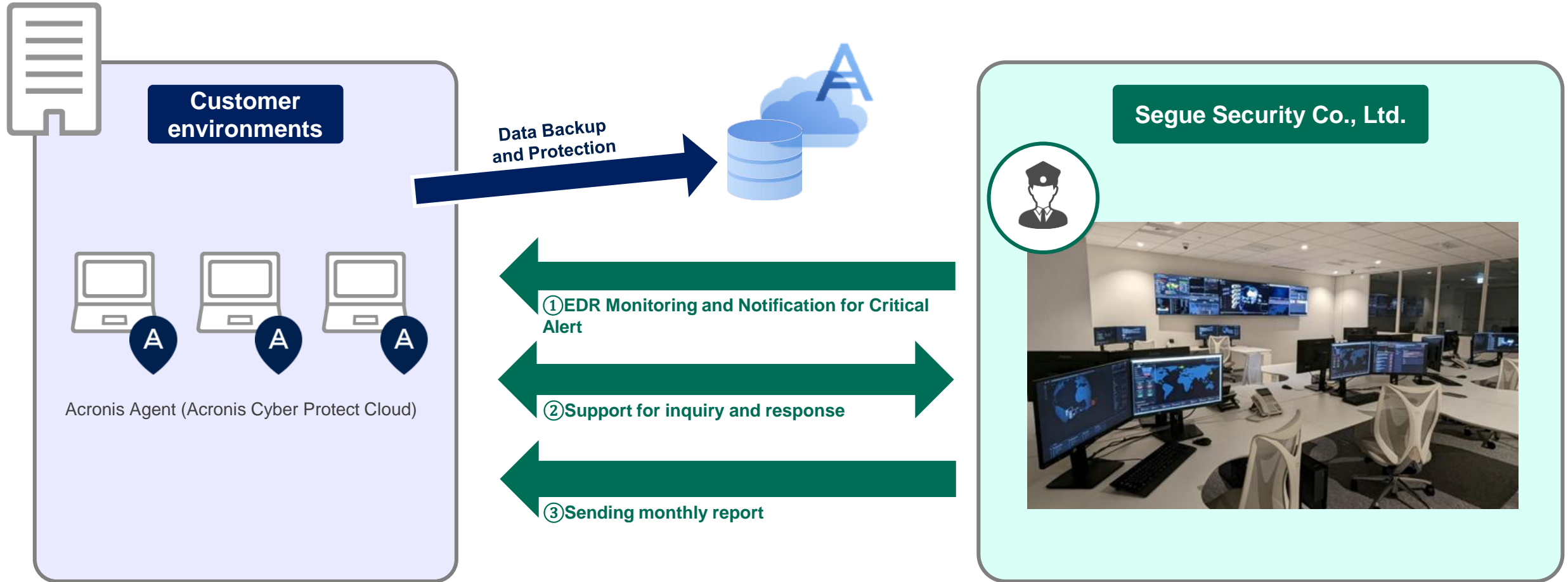
|  | December 2024 1Q | December 2024 Year-end | December 2025 1Q |
|--|------------------|------------------------|------------------|
| <b>Current Assets</b>  | <b>9,395</b>     | <b>10,795</b>          | <b>10,559</b>    |
| Cash & deposit   | 2,936            | 3,909                  | 4,121            |
| Trade notes receivable,<br>Trade accounts receivable,<br>and Electronically recorded<br>monetary claims. | 2,997            | 3,094                  | 3,048            |
| Inventories  | 1,645            | 1,687                  | 1,303            |
| Others   | 1,815            | 2,105                  | 2,087            |
| <b>Fixed Asset</b>   | <b>1,453</b>     | <b>2,837</b>           | <b>3,448</b>     |
| Tangible fixed assets  | 376              | 377                    | 388              |
| Intangible assets  | 249              | 1,575                  | 1,468            |
| Other investments  | 827              | 884                    | 1,591            |
| <b>Total Assets</b>  | <b>10,849</b>    | <b>13,633</b>          | <b>14,008</b>    |

|                                     | December 2024 1Q | December 2024 Year-end | December 2025 1Q |
|-------------------------------------|------------------|------------------------|------------------|
| <b>Current Liabilities</b>          | <b>6,573</b>     | <b>8,312</b>           | <b>8,184</b>     |
| Trade accounts payable              | 1,005            | 1,410                  | 1,552            |
| short-term debt and other           | 273              | 632                    | 677              |
| Advance received                    | 4,135            | 4,873                  | 4,942            |
| Other liabilities                   | 1,158            | 1,396                  | 1,013            |
| <b>Fixed Liabilities</b>            | <b>884</b>       | <b>2,127</b>           | <b>2,274</b>     |
| <b>Total Liabilities</b>            | <b>7,457</b>     | <b>10,440</b>          | <b>10,459</b>    |
| <b>Total Equity</b>                 | <b>3,391</b>     | <b>3,193</b>           | <b>3,548</b>     |
| <b>Total liabilities and Equity</b> | <b>10,849</b>    | <b>13,633</b>          | <b>14,008</b>    |

# Topics: Segue Security Managed EDR Service ~powered by Acronis~

Service started in January 2025

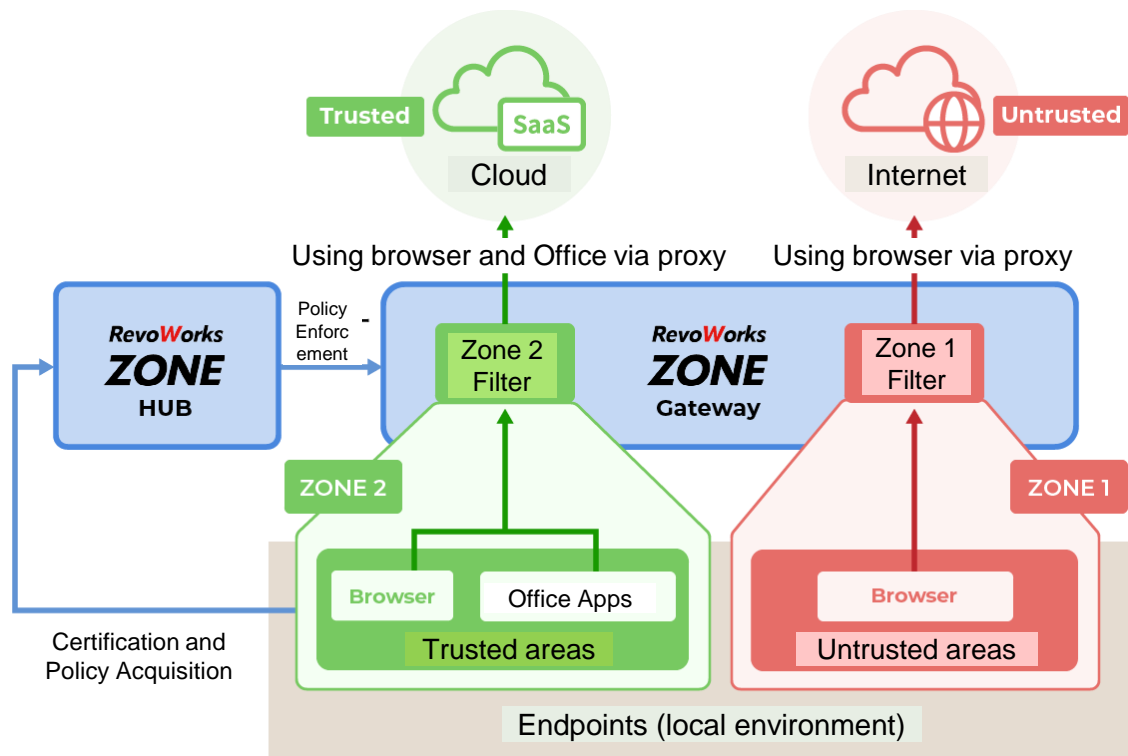
\*In April, first in Asia to obtain Acronis MSSP certification



# Topics: Launch of RevoWorks ZONE (April 2025)

## Next-generation zero-trust browser realizing a secure browsing environment

RevoWorks ZONE reduces security risks from web browsing by separating business cloud access and general internet access into logical zones using our proprietary sandbox technology. Additionally, the security engine that forms the sandbox in the RevoWorks series controls the execution of unauthorized programs and defends against malware, providing effective security against unknown malware.



- Zones utilizing proprietary sandbox technology
- ZONE Gateway providing access control with different policies
- File sanitization and behavioral analysis  
Virus check function is provided as an option (Optional functions will be expanded)
- Provided as on-premise software adaptable to any environment

- **Engagement in Large-Scale Projects for Government Agencies (Digital Government)**
- **Engagement in Local Government Projects (GIGA School, etc.)**
- **Expansion of Private End-User Projects**
- **Growth of In-House Development (RevoWorks, Security Services)**
- **Growth of Security Products**

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